# SPRING CAR CARE BUY-IN

| $ Rank | Item | Unit Movement | Average $ Retail | Total $ Movement |
|---|---|---|---|---|
| | **AUTO** | | | |
| 1 | One-piece auto ramp, pair | 2,640 | 21.99 | 58,053.60 |
| 2 | 2-ton Hydraulic floor jack | 785 | 69.99 | 54,942.15 |
| 3 | RR 16 Roberk wiper blade refill | 18,443 | 2.19 | 40,390.17 |
| 4 | 6014 Sealed beam, large round | 11,194 | 3.29 | 36,828.26 |
| 5 | AF562 Prime antifreeze | 6,378 | 4.79 | 30,550.62 |
| 6 | 1015-24 STP oil treatment 15 oz | 13,159 | 2.29 | 30,134.11 |
| 7 | 6052 Sealed beam, large square | 3,545 | 7.99 | 28,324.55 |
| 8 | 7450 Gumout jet spray 13 oz | 11,519 | 2.39 | 27,530.41 |
| 9 | RR18 Roberk wiper blade refill | 12,416 | 2.19 | 27,191.04 |
| 10 | FL1A Motorcraft oil filter | 6,563 | 3.99 | 26,186.37 |
| 11 | 179 (169) 165 PSI air comp. with gauge | 789 | 29.99 | 23,662.11 |
| 12 | 10080 8 oz Armor All protector | 7,710 | 2.99 | 23,052.90 |
| 13 | 3060 Scraper/squeege/snowbrush | 11,437 | 1.99 | 22,759.63 |
| 14 | 16 oz Armor All Protector twin pk | 2,608 | 8.49 | 22,141.92 |
| 15 | 4652 Sealed beam, low square | 4,227 | 4.99 | 21,092.73 |
| 16 | RWB1 16" Roberk wiper blades | 9,019 | 2.19 | 19,751.61 |
| 17 | TWO51A Quartz fog lite kit | 618 | 29.99 | 18,533.82 |
| 18 | 100QR Rislone oil alloy 32 oz | 6,329 | 2.79 | 17,657.91 |
| 19 | 7518 Gumout Carbo cleaner 12 oz | 9,285 | 1.89 | 17,548.65 |
| 20 | 1157 Auto bulbs, 2 on a card | 16,673 | 0.99 | 16,506.27 |
| 21 | LF-1 Lee oil filter | 4,858 | 3.39 | 16,468.62 |
| 22 | DR1976 GM 8 cylinder dist cap | 2,987 | 5.49 | 16,398.63 |
| 23 | 10160 16 oz Armor All protector | 2,603 | 6.29 | 16,372.87 |
| 24 | C-16 Bars leak 12 oz (80) | 8,115 | 1.99 | 16,148.85 |
| 25 | PF-25 AC oil filters | 4,043 | 3.99 | 16,131.57 |
| 26 | Warco Dot brake fluid qt | 3,923 | 3.89 | 15,260.47 |
| 27 | AS243 Prestone spray deicer | 7,487 | 1.99 | 14,889.13 |
| 28 | AS400 Prestone brake fluid 12 oz | 7,481 | 1.99 | 14,887.19 |
| 29 | 10320 32 oz Armor All protector | 1,634 | 8.99 | 14,689.66 |
| 30 | 2024 STP gas treatment 12 oz | 7,237 | 1.99 | 14,401.63 |
| 31 | R560 Ariwosol spray de-icer | 11,856 | 1.19 | 14,108.64 |
| 32 | PSF Yale power strg fluid 14 oz | 7,812 | 1.79 | 13,983.48 |
| 33 | 29438 BR BL 15Y4 CH spk plug | 1,101 | 12.59 | 13,861.59 |
| 34 | 13040 4 oz Armor All protector | 8,140 | 1.69 | 13,756.60 |
| 35 | TK237 GM combo tune-up kit | 2,273 | 5.99 | 13,615.27 |

*(Continued on page 30)*

Fashion items in auto, such as these wheel covers in a Green Bay, Wis., Prange Way, is where high margins are riding. Wide, shallow assortment is in gold and silver for several wheel sizes. *(DSN photo)*

## Stox Lean, Chains Eye Promo Year

While closing weeks' volume in 1982 was strong—leaving retailers' inventories in a lean and healthy position—1983 promises to be another promotional year, at all levels.

PMA PRODUCT MOVEMENT AUDIT

Manufacturers, for one, will be more promotional this year.

In spark plugs, for example: "As the number of four-cylinder cars has increased, and as cars have become more electronic, spark plug sales have been dropping," commented Herb Rechter of wholesaler Allied Auto Parts, Michigan Heights, Mich. "Thus, we'll be seeing the spark plug manufacturers become more aggressive in 1983."

(Allied supplied the Product Movement Audit for December.)

There will also be a good deal of activity in waxes and polishes.

"We will be cutting down on the number of polys we carry," Rechter continued. Last year the wholesaler stocked six sku's; this year it will offer its customers a choice of three. At the same time, Allied has added an assortment of the new liquid spray waxes to its inventory.

"We'll carry five of the new liquids," Rechter said, referring to the new spray-on waxes that will retail in the neighborhood of $3.99.

"The new 'minute' waxes won't take business away from the premium polishes like DuPont's Rain Dance. They're really looking to create a new market—the car owners who

*(Continued on page 30)*

## Parts-Buy Plan By APAA Hits UAW Proposal

LANHAM, Md.—The Automotive Parts and Accessories Association (APAA) is presenting Congress with a "parts-purchase incentive plan" that is a counteroffer to a controversial proposal by the United Auto Workers (UAW).

The APAA plan would allow a dollar off a foreign car maker's United States import duty for every dollar of purchases made of United States-produced auto parts.

The plan's incentives will increase foreign demand for United States goods, "opening jobs for tens of thousands of Americans," according to Linda Hoffman, director of public affairs and international trade for the APAA.

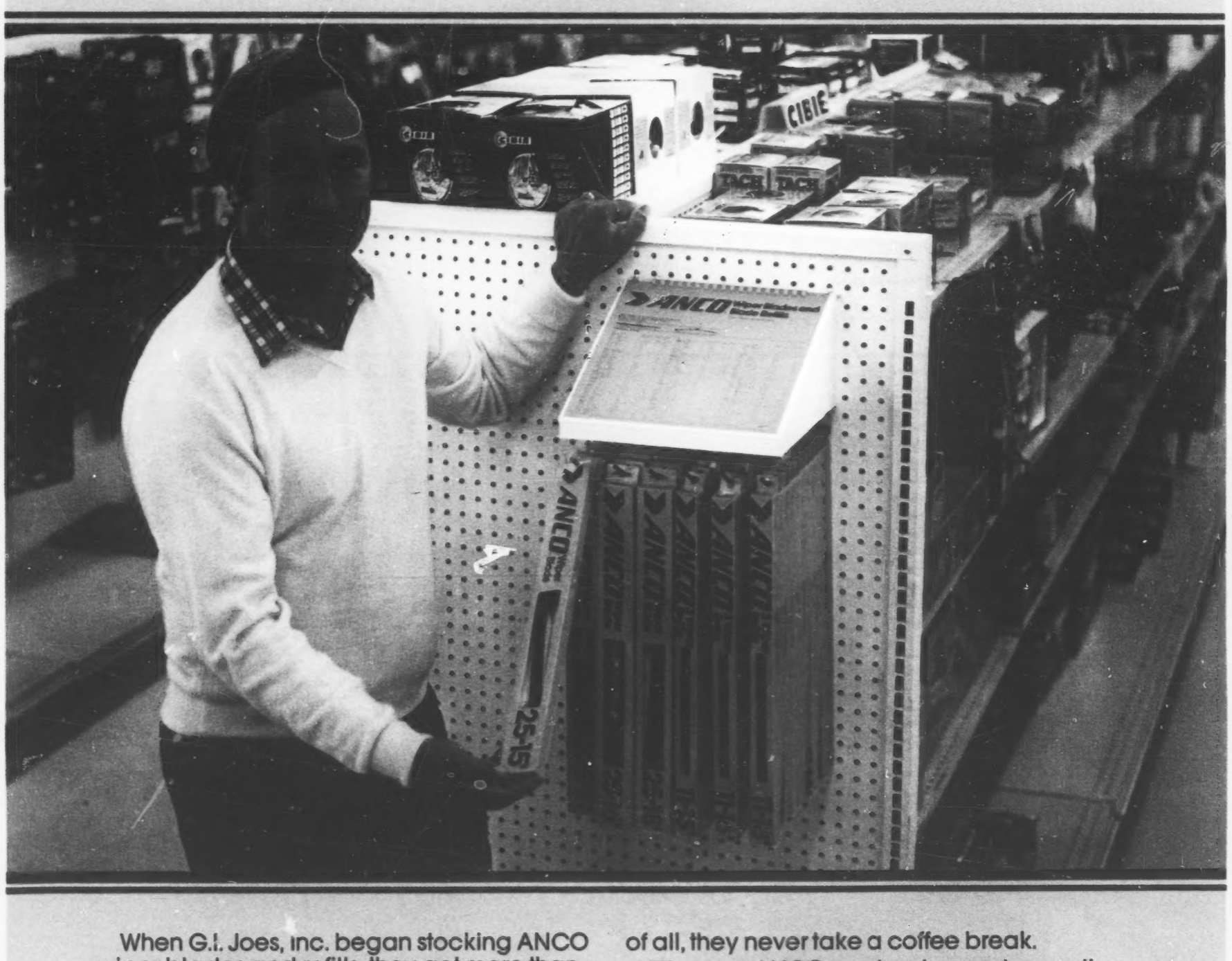
The APAA estimates its proposal would create some 28,000 new jobs as this credit system improves recognition of United States parts and accessories manufacturers as original equipment suppliers.

The UAW proposal to Congress would require some American-made parts to be included in all cars sold in the United States.

While the UAW claims its proposal, called "local content legislation," would create some

*(Continued on page 30)*


GUESS WHO'S SALESMAN-OF-THE-MONTH. AGAIN.




When G.I. Joes, Inc. began stocking ANCO wiper blades and refills, they got more than just a pretty package. The mass merchandising chain, based in Portland, Oregon, got an experienced salesman.

"We displayed the ANCO wiper blades and refills next to a less expensive wiper line," said Dirk Uilenberg, a G.I. Joes buyer. "To our amazement, the ANCO line is currently outselling the less expensive line by a ratio of at least 4 to 1."

ANCO packages and displays make excellent salesmen. Not only do they move merchandise, but they produce higher turnover rates. They increase your return on investment. And, best of all, they never take a coffee break.

"The new ANCO packaging and consolidation of numbers makes the stocking and selling of the product easy. The yellow and blue has an eye-catching effect," according to Uilenberg. "The see-through package enables customers to see ANCO's premium quality."

When you stock ANCO, you get more than a quality line. You get an experienced salesman. Why not contact your ANCO representative today?

Want more information about ANCO? Call toll-free: 1-800-835-2246. (In Kansas: 1-800-362-2421.) Ask for Ext. 54.

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# SPRING CAR CARE BUY-IN

| $ Rank | Item | Unit Movement | Average $ Retail | Total $ Movement |
|---|---|---|---|---|
| | *(Continued from page 28)* | | | |
| | **AUTO** | | | |
| 36 | TK175 GM 8 cylinder tune-up kit | 3,009 | 4.49 | 13,510.41 |
| 37 | WK-40 Aerosol 9 oz | 5,181 | 2.59 | 13,418.79 |
| 38 | Plas bottle gas-line antifreeze | 22,464 | 0.59 | 13,253.76 |
| 39 | LF-25 Lee oil filter | 3,588 | 3.69 | 13,239.72 |
| 40 | Quaker State deluxe 10W40 | 8,256 | 1.59 | 13,127.04 |
| 41 | R-6 Bars leak 5½ oz | 8,803 | 1.49 | 13,116.47 |
| 42 | AS107 Prestone super flush pack | 3,907 | 3.29 | 12,854.03 |
| 43 | 5488 8mm custom wire set | 790 | 15.99 | 12,632.10 |
| 44 | RWB18 18" Roberk wiper blades | 5,734 | 2.19 | 12,557.46 |
| 45 | RR15 Roberk wiper blade refill | 5,719 | 2.19 | 12,524.61 |
| 46 | R45TS AC spark plug | 7,352 | 1.69 | 12,424.88 |
| 47 | S257 Fix-a-Flat tire inflator | 8,707 | 1.39 | 12,102.73 |
| 48 | Warco Dot brake fluid 12 oz | 7,752 | 1.49 | 11,550.48 |
| 49 | BC812 12'8 Cable slvd | 1,578 | 7.29 | 11,503.62 |
| 50 | GM8 Cap & rotor ele ign | 863 | 12.99 | 11,210.37 |
| 51 | Black lo 15 oz | 4,594 | 2.39 | 10,979.66 |
| 52 | PC-1 Pocket air comprsr 130 PSI | 568 | 18.99 | 10,786.32 |
| 53 | WU2 Easy fit car cover | 143 | 75.19 | 10,752.17 |
| 54 | 4000 Sealed beam, low round | 3,768 | 2.79 | 10,512.72 |
| 55 | GE Silicone seal, clear | 3,158 | 3.29 | 10,389.82 |
| 56 | 8/RBL15Y CH spark plug | 823 | 12.59 | 10,361.57 |
| 57 | BD-1 Blower defroster | 572 | 17.99 | 10,290.28 |
| 58 | WU4 Easy fit car cover | 119 | 85.19 | 10,137.61 |
| 59 | EB-1 Gunk aerosol | 5,030 | 1.99 | 10,009.70 |
| 60 | 7200 Chilton rep manual 76-83 | 667 | 14.99 | 9,998.33 |
| 61 | 2050 STP Gas treatment | 7,699 | 1.29 | 9,931.71 |
| 62 | GEC-17 160PST Air compressor | 313 | 29.99 | 9,386.87 |
| 63 | 1016 Pylon 16" wiper refills | 4,270 | 2.19 | 9,351.30 |
| 64 | PH8A Fram oil filter | 2,018 | 4.49 | 9,060.82 |
| 65 | 8/N12Y Champion spark plug | 818 | 10.99 | 8,989.82 |

*Source: Allied Accessories and Auto Parts Co., Madison Heights, Mich., for Dec. 1-31, 1982. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount stores' auto departments.*

Air and oil filters are both merchandised over faster-turning oil category in this Harrison, Ohio, Rink's, with oil in cut-case stacks. *(DSN photo)*

## Promo Year

*(Continued from page 28)*

wouldn't normally wax their cars."

However, Rechter pointed out: "Whichever manufacturers do the best job of advertising are the ones we'll no doubt end up carrying."

Other areas that will continue to do well in 1983: replacement parts and accessories, and gasoline additives.

"We persuaded one of our customers—an Ohio-based discounter—to add a line of mufflers for the first time this year," Rechter said.

"They'll carry two muffler lines, a Thrush and standard, with eight numbers of each." Retails will run around $17.99, the wholesaler said.

"We have seen other discounters do a good cash-and-carry business in this item," as auto do-it-yourselfers become more sophisticated, "so we urged them to test it."

While oil continues to be the No. 1 promotional item, gas additives are continuing to have a good season, despite the current gasoline glut.

"The STP's and Gumouts continue to move very well," ranking sixth and eighth, respectively, in the December PMA with a combined unit movement of 25,575.

"It was the gimmicky additives—those that promised to improve gas mileage by 25%—that are dropping from sight."

## Parts-Buy Plan

*(Continued from page 28)*

800,000 jobs, the APAA fears the bill "could play into the hands of the Japanese and harm several major industries."

At a January meeting, the legislation was termed a "per se or automatic violation" under the General Agreement on Tariff and Trade (GATT).

Critics of the bill, which was passed by the House but not the Senate, believe it could have far-reaching ill effects on United States trade relations with Japan.

"The Japanese would be on extremely solid ground in bringing a case of injury before the GATT council," said Hoffman.

If the bill should pass, it could mean the "United States would have to negotiate a whopping settlement by compensating the Japanese for lost trade," contended Hoffman.

In contrast to the UAW's estimated 800,000 new jobs, Hoffman's group projected the bill's passage would lead to a loss of some 70,000 United States jobs.

## New Auto-Supplier Directory Published

NEW YORK—A new *1983/84 Directory of Auto Aftermarket Suppliers* has been published by Chain Store Guide, the nation's leading publisher of retail business information and directories.

The directory provides listings of 522 warehouse distributors and 1,606 jobber/retailers operating 19,320 stores.

The directory also covers a broad range of over 20 product categories, fully indexed by company.

For information regarding the directory, contact Chain Store Guide, 425 Park Ave., New York, N.Y. 10022 212-371-9400.


# START THE NEW YEAR WITH $1.50 SAVINGS ON HAVOLINE SUPREME 10W-30 AND HAVOLINE SINGLE GRADES...

## and nearly triple your advertising allowance.

Begin 1983 by saving $1.50 on every 24/1-quart case of Havoline Supreme 10W-30 motor oil and Havoline single grades. Then take advantage of another bonus...$1.00 retail ad allowance on each case. For every Easy Dozen™ 12/1-quart case, we'll take off 75¢ and provide 50¢ per case retail ad allowance.

These specials apply only to orders shipped between January 1 and February 28, 1983. Bonus advertising allowances must be used by May 31, 1983.

Yes, we're starting 1983 with promotions and support designed to help you get Havoline motor oil sales off to a fast start. And we're backing up Havoline Retailers with a multi-million dollar advertising campaign to help build store traffic. Your customers will know that Havoline Supreme 10W-30 gives proven engine protection, improved mileage benefits and exceeds the tough SF motor oil performance standard. What's more, Havoline Supreme 10W-30 and Havoline single grades have API CC and the SF/CC rating required for most diesel cars.

But that's not all! Our 1983 Retail Advertising Allowance Program reimburses retailers up to 125% of net cost for Havoline print, radio, and TV advertising. Plus Havoline Store Display allowances of $50 per store. New store Grand Openings featuring Havoline get retailers a cash bonus up to $800 *in addition to earned ad allowances.*

For further details, contact your Havoline representative, wholesaler, or John P. Wies, Manager, Lubricants and Services, Texaco U.S.A., 1111 Rusk Avenue, Houston, Texas 77002. Or telephone: (713) 650-5218.

TEXACO

# Goal of Gaylords' New Programs Is More Basics Sales

SECAUCUS, N.J.—Gaylords is instituting a series of merchandising and operational programs as part of its effort to become a more productive regional discounter.

The bottom line of the new programs is to boost Gaylords' profits by increasing sales of staple, basic merchandise, rather than generating increased volume of promotional goods.

"One of our key goals is to do more regular business and less ad business; we are going to change the ratio of our sales mix to become more profitable," executive vice president Joseph Nusim said.

The new programs are designed to accomplish this by making sure stores are in-stock on basics, that these products receive more intensified merchandising and that store managers and buyer efforts to achieve these goals are recognized.

The innovations under way at Gaylords include:

- An open buyers' day in which vendors will be able to see merchandisers without an appointment. Soft lines buyers will be available Mondays, from 9 a.m. to noon, while hard goods buyers will be available Tuesdays during the same hours.
- An item intensification program, particularly in the five departments identified as key growth areas: ladies' apparel, men's wear, housewares, health and beauty aids and sporting goods.

Buyers will target specific items to get an intensified merchandising push through feature rack presentation for soft lines and main-aisle and endcap displays for hard goods.

- Store manager participation in developing promotional programs for items displayed on promo tables and in the back-of-store promo aisle.

The discounter is taking a new approach in which store managers and associates will propose items and programs for promotions. Previously, headquarters buyers developed promotional programs, with limited input from the stores.

- A strengthened competitive shopping program. Gaylords is identifying key price-sensitive name-brand items on which stores will be competitive through regular comparison shopping.

Gaylords will be competitive on name brands because this highly identified merchandise helps to establish a chain's market image.

- Three new quarterly award programs for store managers and headquarters buyers that recognize contributions that increase the company's productivity and bottom line.

While all of the above programs have already been instituted, two other ideas are pending.

This spring Gaylords will review each store to gear its merchandising to the specific makeup of the market in which it operates. Stores will be classified according to the type of market they serve; merchandise that is important to that market will be strengthened.

### Second Thoughts

The company is considering revising its current store and field bonus program to more carefully delineate the areas that are under the direct control of managers and supervisors. The goal is to have managers and supervisors receive a bonus based on performance and factors over which they have control.

The new programs mark a major change in Gaylords' operations, Nusim said. "We are going to operate on a grassroots basis, with input and ideas flowing from the bottom upwards. We want to use the thoughts and knowledge of store managers and associates in our planning and programs so we can better respond to our markets and competition."

The three quarterly award programs will specifically recognize such contributions, he added.

One quarterly award goes to store managers, with stores being grouped into six districts. Gaylords allows managers to select items for feature display, and the award is tied into this program.

The awards will go to one manager in each district who has selected the greatest gross profit-producing item in dollars. There will be one grand prize winner and five runners-up.

One quarterly award to buyers is tied into Gaylords' item intensification effort. Each quarter each buyer selects an item for intensified merchandising (which he announces 30 days prior to the quarter).

There are no restrictions on the item except that it can't be on Gaylords' competitive list and that it meets a fixed minimum gross profit requirement that varies by classification and is based on the traditional markup for each category.

The buyer who has selected the item that generates the greatest increase in sales—thereby rolling off additional gross profit dollars for the company—receives a color TV or equivalent value.

In this program, the buyer is responsible for overseeing signing, ordering enough goods to maintain the projected sales, and selecting the price that will boost volume while meeting the markup requirement.

The other award is based on quarterly reviews of buyers' profit performances. The merchandiser who has contributed the greatest gross profit dollar percentage increase on a store-for-store basis for that period as compared to the same quarter last year will receive a $1,000 check.

Nusim emphasized that this award recognizes the increases in total gross profit dollars, not sales increases, so that every buyer has the same opportunity to contribute to the company's bottom line.

In two personnel changes, Gaylords has named William Rokoff as merchandise manager for infants' and children's wear. He headed up Jamesway's merchandising in these areas.

Bob Gunn was promoted to mm for housewares/appliances and consumer electronics, sharing responsibilities for those categories with Leo Miller. Two mms are needed because they are targeted as growth categories.

### Mfrs.' Home-Video Unit Sales to Retailers

| Product | 1982 | 1981 | % Change |
|---|---|---|---|
| Color TV | 11,366,334 | 11,157,334 | + 1.9 |
| Monochrome TV | 5,765,234 | 5,540,949 | + 4.0 |
| Total TV* | 17,131,568 | 16,698,283 | + 2.6 |
| Projection TV | 117,253 | 121,650 | − 3.6 |
| Home VCR | 2,034,797 | 1,360,988 | +49.5 |
| Color video camera | 295,947 | 189,770 | +56.0 |

*Excludes projection television
Source: Electronic Industries Association

# Makers' Sales of Home Video Rose in '82; VCRs Were Hot

WASHINGTON—Manufacturers' sales of home video products were undaunted by the 1982 recession, according to the Electronic Industries Association.

The big winner in video was the video cassette recorder category where sales to retailers increased by 49.5%, reaching a record of 2,034,797 units.

Related to their growth was the gain by color video cameras, whose sales went ahead 56% to 295,947 units.

Sales of color television receivers showed some improvement over the category's 1981 performance, rising 1.9% to 11,366,334 units.

Monochrome television set sales, which declined 11.8% in 1981, rose 4% last year to 5,765,234 units.

Total television sales amounted to 17,131,568 units in 1982, a 2.6% increase over 1981.

Just one video area slipped last year: projection television. Sales declined 3.6%.

## 2 New Gemcos Due For Calif.

DUBLIN, Calif.—Lucky Stores will open two Gemco units this year in California.

A Cathedral City store is slated to open during the first quarter at Canyon Plaza.

The second new store will be unveiled during the third quarter on Admiral Callaghan and Turner Parkway in Vallejo.

# Southern-Area Chain Is Gaylords' Role

*(Continued from page 1)*

Other changes under way include: an item intensification effort, reworking each store to better serve individual markets such as those in a resort area or near military bases, and creating three award programs to recognize contributions by store managers and headquarters buyers that boost the chain's bottom line.

Gaylords' acquisition of five former Barkers in the Greater New Orleans market signals the company's new regional chain orientation: multistore coverage concentrated in an area with similar merchandising patterns. Gaylords now has 11 stores in the market.

With the demise of Barkers and Woolco, New Orleans has gone from a four-discounter battlefield to a two-chain market, with K mart the other mass retailer.

Gaylords expects to about double its volume in New Orleans through the five acquisitions and the refurbishing of its six current stores. Trade sources project a full year of operation of the 11 stores would result in about $55 million in sales.

Barrer noted: "We have a tremendous opportunity in New Orleans because of our increased market penetration which means greater recognition and a larger number of stores that fall under our advertising and sales promotion programs."

The discounter's future growth will be geared to areas where it already has a number of units or where it can economically develop store clusters. The company has four units in the Greater Wilmington, Del., market and two or three store groupings in a few other areas.

Gaylords borrowed $4 million to fund the New Orleans acquisitions as well as for general corporate purposes. This borrowing is in addition to its regular short-term seasonal line of credit.

The five ex-Barkers include two in New Orleans and three in the suburbs of Harvey, River Ridge and Kenner, which is in a shopping center that also has a K mart.

Kenner is a fast-growing suburb near the New Orleans airport. "Barkers did quite well there despite the K mart and we can do even better," Barrer said.

The five new Gaylords will be opened in early spring, by which time the current stores will have been refurbished. The aim is to present the same general look to shoppers.

The acquired stores will get a new decor that features earth-tone colors, a raceway layout and, where needed, new store facades. The layout calls for hard lines along the perimeter walls, soft goods in the raceway infield and convenience sections such as H&BA at the front of the store.

Barrer summed up the bottom line on the acquisitions and Gaylords' new growth direction by noting: "We have gone through a long phase of contracting and getting rid of losing stores. Now we are taking a leap forward with new merchandising and operating programs and a regional chain focus."

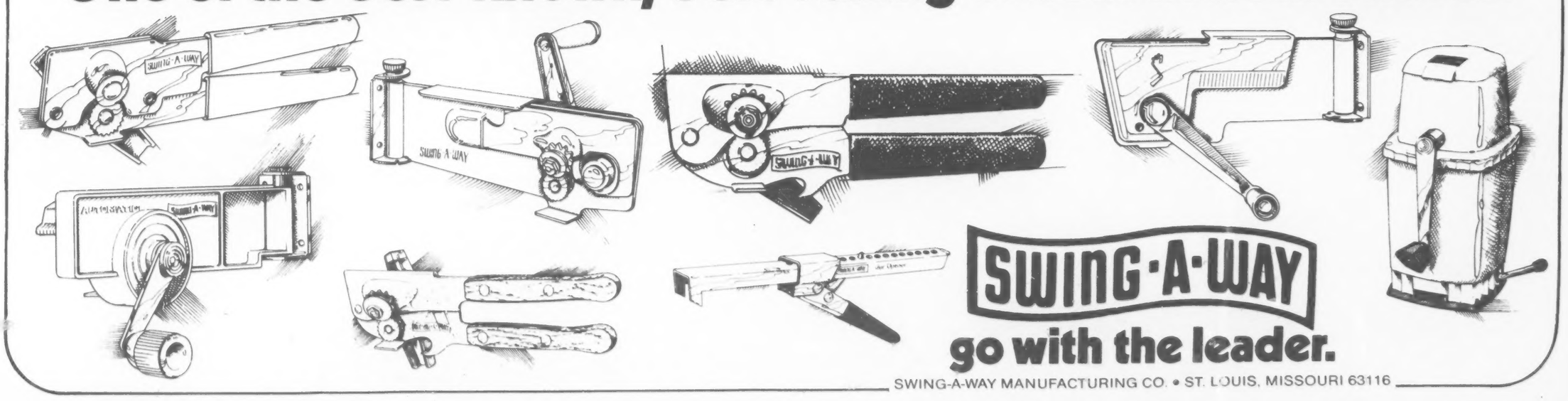
## *Towers Operation Is Under Scrutiny*

SECAUCUS, N.J.—Gaylords is evaluating the operation of its six Towers catalog showrooms as part of the overall review of the company.

Company president Jerome Barrer said that the catalog business was "cyclical. We are waiting to see if there is an upturn in the economy that would give us the opportunity to possibly expand this business."

The six Towers are in Pennsylvania, Maryland and Delaware. The chain has its own buying and operations staff.


One of the best-known, best-selling brands in housewares.



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# Home Improvement

**See Special Section—Pp. 23-45**


# Discount Store News®

*THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY*

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## Most of Top Chains Had Better '82 Biz Than Was Expected

*Nationwide DSN Report*

Preliminary financial reports from major discount chains are cause for optimism that 1982 was a better year than the industry expected a year ago.

While profit figures won't be available until later this month, leading chains such as Wal-Mart, Bradlees, Zayre, Gold Circle, Richway and Target all reported substantial sales increases.

K mart reported a minimal sales increase as it began a retrenchment aimed at improving profitability. For two consecutive years, the giant chain has posted large sales gains—partly through promotions which eroded gross margin—but declining profits.

Wal-Mart, the second-largest discount chain, again was one of the most successful in 1982, performing up to the ambitious expectations of its chairman, Sam M. Walton.

A year ago, Walton projected a 40% sales increase and the chain actually attained a 38% increase.

At the end of its fiscal year, Wal-Mart's sales totaled almost $3.38 billion compared with just under $2.46 billion for fiscal 1981. The chain, which had a net gain of 60 stores to 551 at the end of the fiscal year, posted a store-for-store sales increase of 11%.

A year ago, Wal-Mart closed its fiscal year with a total sales gain of 48.8% and a comparable-store increase of 15%. Profits rose 48.7% in fiscal 1981 to $82.8 million.

Federated Department Stores also reported substantial sales gains for its Richway and Gold Circle discount subsidiaries. For the year, the combined sales for the two discount chains stood at $822.9 million, a jump of 28.5% above 1981's $640.3 million

The discount stores greatly exceeded the performance of Federated's other retailing interests. Total sales for the corporation rose 10% from $7 billion to just under $7.7 billion. Its department and specialty

*(Continued on page 4)*

## Service Mdse. Income Soared 36.8% in '82

NASHVILLE—Service Merchandise, one of the first major retailers to report fiscal year earnings as well as sales, had a whopping 36.8% jump in net income on a 16.4% volume increase in 1982.

The bottom line in the fiscal year ended Jan. 1 hit $31,569,000, up $8.5 million from $23,069,000. Sales of $1,195,283,000 were up $168.2 million from $1,027,093,000.

The torrid results were paced by a strong fourth-quarter performance in which the cataloger's net income jumped 36.5% from $18,842,000 to $25,716,000 while sales went up 15.2% from $476,549,000 to $549,145,000.

The three-month holiday period generated 81.5% of the cataloger's profits, on only 46% of its sales.

*(Continued on page 64)*

## Off-price Apparel Units Get K mart Green Light

TROY, Mich.—K mart's "experiments" in off-price name brand apparel have been given the green light with major expansion planned on two fronts.

By the end of 1983 the multibillion-dollar discounter expects to have its "brands for less" sections in 500 K mart stores and have 30 Designer Depot specialty stores in operation.

The recent appointment of a staff, to be based in Troy headquarters, to run the Designer Depot chain is another indication of K mart's commitment to growth in off-price apparel retailing.

Those tapped for Designer Depot, all pulled from K mart ranks, were: Glen Shanks, director of the chain; Donald B. Rogers, director of sales and store operations; Daniel H. McKinnon, director of administration; Lawrence V. Wade, field merchandise manager, and G. Royce Bullock, assistant director of store operations.

A spokesman for K mart said the "brand for less" merchandise would represent anywhere from 10% to 40% of the apparel mix within each K mart unit in the program, depending on the location of the store and the demographic mix of its trading area.

K mart has also finally begun to acknowledge its intimate relationship with Fashion House, a part of the J. S. Levi jobbing organization.

A spokesman for the discounter said: "Fashion House is an important source of merchandise for our brand name apparel. We expect that relationship to continue and intensify as we expand. The company is acting as our buying agent for off-price merchandise."

While K mart is officially talking in terms of 30 Designer Depot units and 500 K mart

*(Continued on page 64)*

***Nationwide Publicity Barrage Due***

## Coalition Plans Anti-RPM Drive

WASHINGTON—The discount store industry's new Congressional resale price maintenance (RPM) coalition is on the verge of launching a nationwide publicity barrage to rally widespread public opposition to the Administration's pro-RPM policies.

The opening shot in that counter-RPM offensive—a Capitol Hill news conference alerting the nation to the campaign by Federal antitrusters to resurrect Fair Trade-style restrictions on price-cutting retailers—is expected to be fired early this month.

The coalition, which was assembled by the Association of General Merchandise Chains (AGMC) earlier this year, already includes at least four members of Congress. Additional Senators and Representatives are being actively recruited by the group.

Although the kickoff date for the coalition's anti-RPM publicity drive was still undecided late last month, officials at the Senate Judiciary Committee told *Discount Store News* that the broad-based coalition was planning to make its initial move "within the next couple of weeks."

"So far the general public has been largely unaware of the efforts by Justice Department and Federal Trade Commission antitrusters to undercut the law against resale price maintenance by manufacturers," one Senate committee aide told *DSN*. "We intend to blow the whistle on them."

Significantly, the RPM whistle-blowers aren't limited to Congressional critics of the Administration and discount industry groups concerned over shifting Federal antitrust en-

*(Continued on page 64)*

## Love Finds the Way in H&BA

NEW YORK—There are 10,000 potential H&BA store locations in the Naked City.

Al Kenig has 15 of them.

According to the health and beauty aids entrepreneur, he's going to keep on expanding his Love H&BA chain until there's "one on every block from Wall Street, at the bottom of Manhattan Island, to 96th Street," hundreds of blocks to the north.

In fact, in population-packed Manhattan, Kenig's and his partner Marvin Putter's concept is so successful they don't have to worry about putting the stores too close to each other.

In some neighborhoods, Loves coexist peacefully and profitably a city block from each other.

*(Continued on page 9)*

Packed window of discounted H&BA items at Love on busy upper East Side corner in Manhattan illustrates merchandising approach of co-owner Al Kenig (inset). *(DSN photo)*

## Digest March 7, 1983

**TOYS**

- **Buyers will have a tough time picking among the flood of** licensed items they saw at the Toy Fair. (p. 13)

**APPAREL**

- **Basics like terries look to be strongest in women's robes for** spring. (p. 14)

**HOME IMPROVEMENT**

- **Chains are fine-tuning their merchandise mix; their planning** reflects a cautious outlook. (special section, pp. 23-45)

**PHOTO**

- **Improved new color print film** is seen as a sales spur. (p. 60)

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# Federated to Open Calif. Cut-pricer?

CINCINNATI—Federated Department Stores appears to be preparing for another shot at the California market with a discount, or off-price, retail operation.

The $7.7 billion retail conglomerate announced Michael Jeffries, previously executive vice president of Federated's Los Angeles-based Bullock's department stores, was shifted to the corporate staff. His mission; "exploration of new business concepts for the corporation."

A company spokesman said, "We're not ready to announce what Jeffries is doing."

However, several signs point to Federated's renewed interest in building a discount presence, probably with an off-price apparel chain in the California market.

Jeffries' joining the corporate staff won't entail a move into Cincinnati. He will remain in Los Angeles, and the Federated spokesman acknowledged California was the market targeted for his scrutiny.

Jeffries comes to his new spot with a strong background in apparel. He was vice president, general merchandise manager for apparel at Abraham & Straus before joining Bullock's.

In his new position, Jeffries reports to Norman S. Matthews, the Federated executive vice president who oversees its price-oriented operations: Gold Circle, Richway, Filene's—with its basement stores expanding outside the Boston market—and Ralph's, the supermarket chain.

*(Continued on page 4)*

# Dental Units Take Root In 100 Stores in 6 Yrs.

WASHINGTON—More than a dozen major discount chains have launched in-store dental centers over the past six years, and despite resistance from organized dentistry more than 100 retail dental outlets have opened across the country so far, a new study prepared for the Federal Trade Commission disclosed.

Significantly, however, the researchers found that discounters, department store and drug chain operators moving into the dental care field are doing so on a highly selective basis.

A solid 90% of all retail store dental centers in operation last year were clustered in just 10 states, with the greatest concentration in the northeastern United States and the Sunbelt.

In addition, the study found that chains tend to locate in-store dental facilities in areas with "high dentist-to-population ratios," particularly states with "a relatively large number of dentists in group practice."

Discounters also tend to restrict their dental care operations to areas where the supply of new dentists is likely to grow. Not a single discount chain dental center has opened in any of the 18 states that have no dentistry schools within their borders, the FTC-sponsored study found.

### Location of Units

The heaviest concentration of retail dental outlets is in New York, where at least six chains (Alexander's, Modell's, Majors, Masters, Times Square Stores and Sears) were operating a combined total of 15 in-store dentistry centers by mid-1982, the researchers told FTC.

Florida and California rank second and third with 13 and 11 chain dental operations, respectively.

Other discounters with a foot in the retail dentistry door include K mart, Zayre, Jamesway, Jefferson, King's and Fred Meyer. In addition, five dental centers which originally opened in now-defunct New Jersey Two Guys stores are still in operation under a new (Nu-Dimensions) trade name, the researchers found.

In addition to discount chains, general merchandisers such as Sears and Montgomery Ward, as well as several drug chains (Revco, Eckerd and Peoples) have launched in-store dental operations, the study found.

Noting a wide variation in the physical layout and marketing approach among the scores of retail dentistry centers now in place, the researchers said that while some "replicate the atmosphere of a traditional dental office, using individual operatories for patient care," others "have grouped dental chairs within large treatment areas to maximize staff productivity."

But, chain dental operations are distinguished from traditional forms of dentistry practice not by office design, but rather by their "style of practice—the emphasis on high productivity by the professional staff, expanded hours, use of advertising, and 'competitive' fees," the researchers concluded.

The study, which was prepared for FTC by the Universi-

*(Continued on page 64)*

## In-store Dental Centers

| State | No. of Sites | Chains |
|---|---|---|
| New York | 15 | Alexander's, Majors, Masters, Modell's, Sears, Times Square Stores |
| Florida | 13 | Zayre, Jefferson, Sears, Eckerd Drug |
| California | 11 | Montgomery Ward, Sears |
| New Jersey | 8 | Jamesway, Two Guys* |
| Illinois | 7 | Montgomery Ward, Zayre, Osco Drug |
| Ohio | 7 | Zayre, Revco Drug, Barney's Kroger, Montgomery Ward |
| Pennsylvania | 7 | Hess, Kaufmann's, Montgomery Ward |
| Maryland/D.C. | 5 | Zayre, Peoples' Drug, Montgomery Ward |
| Arizona | 4 | Montgomery Ward, Sears |
| Colorado | 3 | K mart |
| Massachusetts | 2 | Zayre |
| Michigan | 2 | Montgomery Ward |
| Washington | 2 | Fred Meyer, Montgomery Ward |
| Minnesota | 1 | Montgomery Ward |
| North Carolina | 1 | King's |
| Wisconsin | 1 | Zayre |

**Two Guys stores in New Jersey have closed but five of the chain's original in-store dental centers remain in operation.*

*Source: Institute for Health Policy Studies research conducted for the Federal Trade Commission.*

# Zayre Drops Metro Setup, Revives District Concept

FRAMINGHAM, Mass.—Five years ago Zayre restructured its field organization; now the 268-store chain is doing it again.

The plan calls for the return of the district organization concept which the discounter scuttled in 1978.

Thirty district organizations, each administering seven to 10 stores, will be created. Each district will, in turn, report to one of the three existing zones—the Northeast, Southwest and Midwest.

Reinstituting the district setup will coincide with elimination of the currently operating 15 metro organizations, each handling from 20 to 30 stores.

Malcolm L. Sherman, executive vice president of Zayre Corp. and general manager of the roughly $1.6 billion discounter, said the staff at the zone levels would be expanded to handle "merchandising, control and operating responsibilities formerly held by the metros."

This expansion will include: two more merchandise managers, making a total of four per zone; the addition of an operations manager, a new post within the zones; and beefing up of the personnel and security staffs.

Sherman said the switch to 30 district managers, responsible for a smaller group of stores than the metro heads, means that "district managers will have more of a hands-on impact in running the stores."

In 1978 Zayre moved from a field structure composed of six regions and 27 districts to a new format of three zones plus the metros. The current field overhaul goes back to the district structure, similar to what existed prior to 1978.

According to Sherman, "Each of the field reorganizations, this one and the one five years ago, takes into account the state of the art in running stores that exists at the time."

Today's "state of the art" at Zayre includes store communications advancements, fast retrieval of sales data and the winding down of its MDP program. By the end of 1982 the chain completed its installation of store administrative terminals (SAT), computers connecting the stores, warehouses and headquarters into one communications network.

# Gymnastic Products Hot at NSGA Show

CHICAGO—Big-ticket gymnastic items were on the minds of sporting goods buyers returning from the 54th annual National Sporting Goods Association show held here recently.

The overall emphasis at the annual event, however, has shifted in recent years from hard goods to sports-related apparel and footwear.

Gravity boots—permitting consumers to hang by their feet to exercise back muscles, and monster benches, extra-thick tubular frame units used for workouts—were the talk of the show.

"Exercise gear is big. There is enough equipment if you want to hang from your feet," said Bob Vanmeter, sporting goods buyer for Gold Circle in Ohio. "I think the gravity boot system is bigger than ever before."

Vanmeter said his chain would begin carrying the Gravity Guidance system this month, with the entire package retailing at $199.

He said the stores would be promoting the system heavily for Father's Day.

The system includes a bar that can be mounted across a door or hallway and special boots with inverted hooks that can clip onto the bar and allow a person to hang upside down.

Dick Adkins, sporting goods buyer for Heck's, said he is thinking about stocking the boots in the fall. He said of the 20 or so manufacturers at the show, Gravity Guidance and Exer-Tec seemed to be the most competitive. Both packages, he said, would retail for about $200.

He said the sporting goods business at Heck's was about 30% stronger in 1982 than in the previous year. He said gymnastics sales grew by about 20% during the same period. He expects similar growth in 1983.

Adkins said the wholesale price of the boots would be about $60, with $20 for the bar.

"We are studying the gravity boots," said Paul Berg, sporting goods buyer for Rose's. "We aren't carrying them yet and will be studying all the vendors who are selling the line."

NSGA83

Heck's Adkins said another item to catch his eye was Diversified's Gympac, an exercise system with a retail of about $350.

The Gympac system is already being sold by Target, Richway, Lechmere and Bradlees. It includes a wall-mountable pulley system designed for both arm and leg exercises plus a weight bench with a leg curl.

Adkins said some of the most noticeable improvements this year were in exercise bicycles. He mentioned the Diversified

*(Continued on page 10)*

# Caldor *Times'* No. 1 Suburban Advertiser

NEW YORK—Caldor's 1982 store openings in New Jersey cemented the Connecticut-based discounter's position as the No. 1 suburban advertiser in *The New York Times* last year.

The retailer spends about $400,000 with the newspaper each year, mostly in its New Jersey, Connecticut and Westchester regional Sunday sections, said Walter J. Campbell, director of suburban advertising at the *Times*.

The average price of a one-page rop advertisement in each of the regional weekly editions of the newspaper is $3,600.

Caldor first took the title of being the *Times'* top suburban advertiser in 1980. Besides rop ads, the retailer also regularly places circulars in the regional editions.

The growth of Caldor's advertising budget with the newspaper has grown in proportion with the chain's own growth into suburbia and its desire to capture middle- and upper-income shoppers, said a spokesman for Caldor.

The retailer shares its print budget with the Gannett Westchester-Rockland newspapers, and *The Record* and *The Star-Ledger*, both in New Jersey.

Campbell said other top suburban retail advertisers with the *Times* include Bradlees, Channel Home Centers and Stern's department stores. He declined to state their advertising budgets with the newspaper.

Distribution of the Sunday *New York Times* in 1981, the last available reporting period, was 255,000 copies in New Jersey, 103,000 in Connecticut and 86,000 in Westchester County.

Caldor, No. 1 suburban advertiser in *The New York Times* last year, ran this ad jammed with sale items in a Sunday regional edition of the paper last month.

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# Service Merchandise Net Soared 36.8% Last Year

(Continued from page 1)

Service Merchandise executives cited a number of factors behind the chain's performance (which trade observers noted isn't likely to be matched by any other publicly held cataloger, particularly with respect to the explosive profit gain).

The key move was maintaining gross margins during the fourth quarter, rather than engaging in the excessive price promotions of 1981's holiday period that the cataloger staged to maintain sales in that year's recession.

This was done by including more higher-margin goods—particularly jewelry—in flyers and other promotions to produce higher overall profits, so that the cataloger's total gross margin was maintained in the fourth quarter despite increased advertising.

Service Merchandise's gross margin in the fourth quarter was 22.8%, the exact same figure as for the entire year. In the previous 1981 fiscal year, the fourth-quarter margin was 20.1%, while the overall figure for the year was 21.6%.

Trade observers and company sources noted the cataloger improved merchandising of higher-profit jewelry, and consumers were more receptive to flyers, with the sharp sales prices on covers creating a low-price image for the promotions.

The improved jewelry merchandising was evident from the eight-page The Collection insert of jewelry and Rolex watches used in catalogs distributed in selected markets such as Miami and Boston where Service Merchandise saw an opportunity to sell additional high-profit goods. The high-price items ranged from $399 for a chain to $3,997 for a cocktail ring with 3½-ct. total weight of diamonds.

Profits generated by jewelry varied. Staple prices for gold and other jewelry items allowed Service Merchandise to retain the listed catalog price and meet profit projections for this merchandise. In some cases, the cataloger was able to obtain even higher profits. Its costs for jewelry didn't go up as much as projected, so the listed book price produced more profits.

Service Merchandise also controlled the increase in selling, general and administrative (SGA) expenses as a percentage of total sales.

### Figures Analyzed

SGA for the year was 14.7%, only an 8% gain from the 13.6% figure in the previous fiscal year. In the fourth quarter, SGA amounted to 12.1% of sales, which would seem to be a big 18.6% increase from the 10.2% reported for the quarter in 1981. The fourth-quarter SGA, however, included two undisclosed one-time changes. One was a payment to Sam Solomon creditors that was due as part of Service Merchandise's acquisition last summer of that cataloger, and the other was a payment to underwriters of the cataloger's $35 million convertible debenture offer issued last year.

SGA also went up in the fourth quarter due to additional labor costs as the cataloger put more clerks on the showrooms' selling floor to provide more customer service.

Service Merchandise ended the year with 139 showrooms, which reflected the acquisition of seven Sam Solomon units and a net gain of 16 stores opened by the company. Same-showroom sales were up 6.2% for the year, but only 2.1% in the fourth quarter.

The same-showroom gains were sharply down from the figures reported for 1981, when the figure for the year was an 11.1% increase, and for the quarter 14.3%.

The poor same-showroom sales increase along with the small 16.4% overall sales gain for the year as compared with the 19.8% increase in a number of showrooms only pointed up the cataloger's exceptional profit performance.

# K mart Gives Green Light

(Continued from page 1)

"brands for less" programs in 1983, a trade source said company chairman Bernard Fauber went further explaining the chain's off-price apparel plans.

Fauber's comments, said this source, to a group of business executives in Australia in January were that K mart plans:

- For Designer Depot: 30 stores within four months and double that number by the end of 1983.
- For K mart: 100 "brands for less" areas by the end of the first quarter, April 1, with at least 50% of all metro area stores, about 1,000 units, having the program by the end of year. Fauber said he expected 25% to 50% of apparel sales in these stores would come from off-price name brand merchandise.

Another trade source stated some of the Designer Depot stores slated for future opening would be much larger than the 16,000-sq.-ft. pilot unit which opened in the Detroit suburbs in Dec. 1, 1982.

"The new stores," said this market observer, "will be anywhere from 16,000 all the way up to 60,000 sq. ft."

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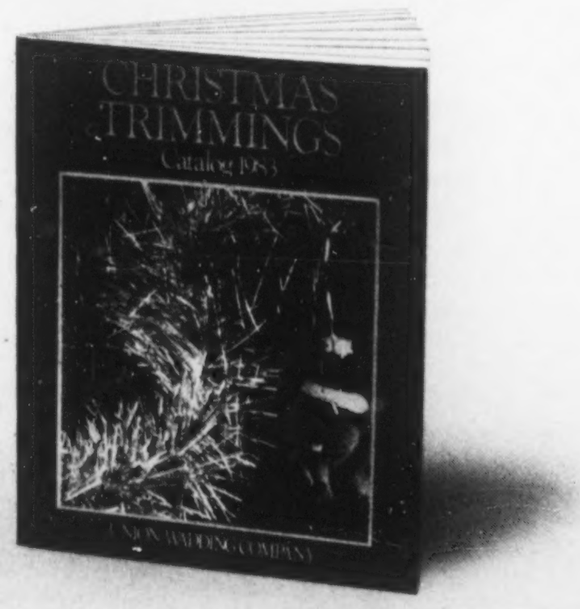



# KDT and Creditors Study Ames' Offer

(Continued from page 2)

ing up a written agreement that would include the sweeteners the committee obtained during protracted negotiation during the past few months during which it rejected other Ames offers.

KDT's board was also due to meet at presstime to act on the Ames offer, with the board interested in obtaining more money for company stockholders. It has called the $1.5 million payment to shareholders "insufficient," a company executive said.

The board faces a major hurdle in getting Ames to sweeten its offer to stockholders, as any payment to them will have to be made through the creditors committee.

The committee has accepted the $1.5 million stockholder payment as part of its tentative acceptance of the Ames proposal.

However, the less than full repayment that creditors would receive means they would be less likely to increase any payment to KDT stockholders. Should Ames offer more money to stockholders, the creditors could be expected to press to have the funds used to pay off KDT's debt, one source explained.

While the negotiations among KDT, Ames and the creditors seemed to be heading toward a showdown, another King's store auction was held last month and it raised $1.6 million from the sale of 10 leases.

In the auction, K mart obtained a store in Allentown, Pa.; Laneco, a unit in Kutztown, Pa.; Service Merchandise, one in Augusta, Me., and Mars, stores in Ludlow and Salisbury, Mass. Landlords obtained the other five.

While 60 store leases were originally due to be auctioned, one was withdrawn due to litigation with a landlord and 25 were withdrawn because Ames and other parties were interested in specific sites. The 24 other stores were withdrawn when no bids were received for them.

KDT and Ames have declined to state the exact number and location of the King's stores that Ames wanted. Its list reportedly included 42 stores, comprising some closed King's and some of the 25 stores still run by KDT.

Ames' offer was structured as a low-cost, debtless takeover of KDT. The main repayment to KDT's creditors would come from funds the bankrupt company already has on hand and from the sale of store leases.

Ames' direct costs would be its $1.5 million payment to KDT stockholders and issuance of a new voting convertible preferred stock that could eventually slightly increase the number of owners of the company's stock. The company is authorized to issue 7.5 million shares, of which approximately 3.5 million are outstanding.

If the Ames "understanding" isn't effectuated due to either a rejection by the creditors and/or KDT's board, then KDT would have to come forward with a reorganization plan by the start of March, unless it received another extension by the bankruptcy court.

A company source said that KDT has developed such a plan. It centers on continuing to run its 25 currently operating stores.

# Coalition Sets Anti-RPM Drive

(Continued from page 1)

forcement policies.

Representatives of at least three national consumer organizations—Congress Watch, the National Council of Senior Citizens and Consumers' Union—have already broken their silence on the RPM issue and are preparing to join the offensive.

"Resale price maintenance is unlawful now and our position is that it shouldn't become lawful," Consumers' Union attorney Mark Silvergild told *DSN*.

CU's Silvergild and representatives from other consumer organizations aligned with the new Capitol Hill coalition are particularly concerned over reports that Justice Antitrust Division officials are drafting legislation prohibiting the courts from treating RPM as a *per se* violation of Federal antitrust law.

"Such a change in the law would turn the clock back to the Depression era when manufacturers were allowed to artificially inflate the prices of their goods through so-called Fair Trade conspiracies," one consumer activist said.

In recognition of the consumer organizations which have joined the anti-RPM crusade, officials at the AGMC announced that the group had been officially named the "Business-Consumer Coalition against Price Fixing."

Besides AGMC and the National Mass Retailing Institute, the coalition includes representatives from a variety of other retail segments, including supermarkets, drug chains and catalog showroom operators.

# Dental Centers Took Root

(Continued from page 3)

ty of California's Institute for Health Policy Studies, reported a significant shift in how discount chains view the role of in-store dental centers.

"When retail dentistry first developed, some stores viewed dental offices merely as a way of filling empty or nonproductive space," and some chains "put dentists only in their least successful stores" or in "inaccessible" locations, the researchers said.

"Today, department, drug and discount stores increasingly view dental offices not only as an added source of revenue, but as a means of generating customer traffic," they maintained.

Despite the continued growth of in-store dental offices, retail dentistry is not without problems, the California researchers told FTC.

By 1980, some chains began to close down their less profitable dental operations, and by the middle of last year at least 16 of the 106 in-store dentistry centers established over the past six years had been shuttered.

Further, the researchers noted that discount store dental operations are now coming under increased competition from freestanding independent dental offices in regional and community shopping centers.